IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:

Art Unit 2623

Conf. No.: 8680

VIA ELECTRONIC FILING

Hannigan et al.

Application No.: 10/684,213

Filed: October 10, 2003

For: PERCEPTUAL MODELING OF

MEDIA SIGNALS BASED ON LOCAL CONTRAST AND DIRECTIONAL EDGES

Examiner: A. Tabatabai

Date: April 17, 2006

STATEMENT RESPONDING TO REASONS FOR ALLOWANCE

Mail Stop ISSUE FEE COMMISSIONER FOR PATENTS P.O. Box 1450 Alexandria, VA 22313-1450

Sir:

This statement is filed pursuant to 37 C.F.R. 1.104(e) ("Reasons for Allowance"), and is responsive to the Examiner's statement of reasons for the indication of allowable subject matter in the Notice of Allowability dated January 17, 2006.

Applicant respectfully submits that the allowability of the claims does not hinge on isolated elements thereof. Rather, the claims are believed patentable because, when viewed as a whole, they define combinations that are neither anticipated by, nor obvious over, the prior art.

Respectfully submitted,

DIGIMARC CORPORATION

CUSTOMER NUMBER 23735

Phone: 503-469-4800 FAX 503-469-4777

Date: April 17, 2006

Steven W. Stewart Registration No. 45,133